

- Ireland is ranked 7<sup>th</sup> out of 69 economies in the IMD's World Competitiveness Yearbook 2025, dropping three places since 2024. Ireland does, however, continue to rank as the most competitive economy in the euro area.
- Ireland's falling ranking largely reflects a deterioration under Business Efficiency where our position declined from 3<sup>rd</sup> place in 2024 to 11<sup>th</sup> in 2025 – mainly due to a sharp drop in Productivity & Efficiency sub-factor.
- Ireland's ranking for Economic Performance and Government Efficiency has improved by one place (up to 9<sup>th</sup> and 5<sup>th</sup>, respectively) while Infrastructure has remained at the same position (17<sup>th</sup>) in 2025.

## OVERVIEW

The Institute for Management Development (IMD)'s World Competitiveness Yearbook 2025<sup>1</sup> assesses 69 economies globally<sup>2</sup> based on their ability to create and maintain a competitive business environment. Ireland ranks as the most competitive country in the euro area and the 7<sup>th</sup> most competitive economy in the world. This, however, is a decline of three places year-on-year and a decline of five places in just two years, but an improvement of five positions since 2020 (when Ireland was ranked 12<sup>th</sup>).

Table 1: Top 15 Countries in 2025

Rank	Economy	Change since 2020	Change since 2024
1	Switzerland	2	1
2	Singapore	-1	-1
3	Hong Kong SAR	2	2
4	Denmark	-2	-1
5	UAE	4	2
6	Taiwan*	5	2
7	<b>Ireland</b>	5	-3
8	Sweden	-2	-2
9	Qatar	5	2
10	Netherlands	-6	-1
11	Canada	-3	8
12	Norway	-5	-2
13	USA	-3	-1
14	Finland	-1	1
15	Iceland	6	2

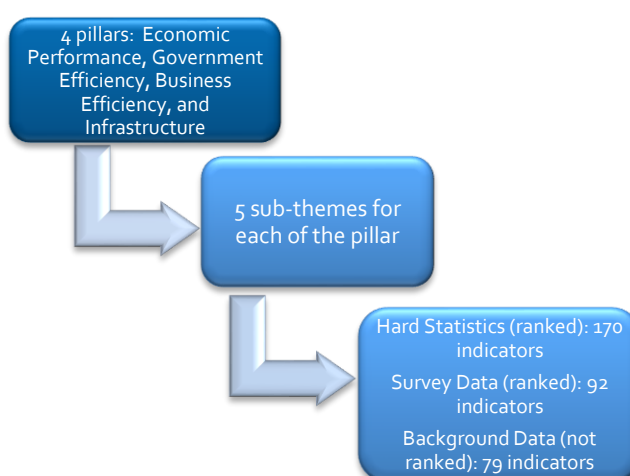
Source: IMD Note: \*Chinese Taipei

The top-ranking economies, and the change in their ranking since 2020 and 2024 respectively, are summarised in Table 1. Some of the top performing economies are Asian, led by Singapore (2<sup>nd</sup> place), Hong Kong SAR (3<sup>rd</sup> place) and Taiwan (6<sup>th</sup>). Western Europe also ranks highly and accounts for half of the world's Top 10 economies.

## BACKGROUND

Figure 1 shows that the rankings are defined under four pillars: Economic Performance, Government Efficiency, Business Efficiency, and Infrastructure. Each pillar consists of five sub-themes and these are based on 262 metrics<sup>3</sup>. Some 170 of the metrics are based on 'hard' (or quantitative) data, while the remaining 92 are based on 'soft' (or qualitative drawn from a survey of business executives)<sup>4</sup>.

Figure 1: Process of IMD Rankings in 2025



Source: Authors

<sup>1</sup> Published 17<sup>th</sup> June 2025: [WCR-Rankings - IMD business school for management and leadership courses](#)

<sup>2</sup> Namibia, Kenya, and Oman were added to the ranking for the first time.

<sup>3</sup> Further details are provided in [methodology-in-a-nutshell](#).

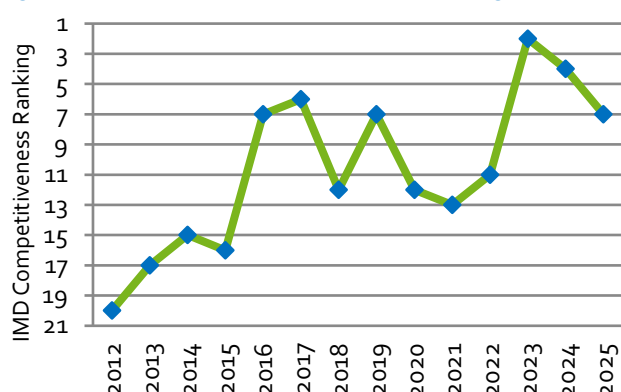
<sup>4</sup> This means that hard criteria represent a weight of 2/3 in the overall ranking whereas the survey data represent a weight of 1/3.

The Council recently published an assessment of Ireland's international competitiveness performance (for 2024) adjusting for the impact of globalisation on the underlying data<sup>5</sup>. This work demonstrated the general robustness of the IMD rankings but it also emphasised the importance of carefully contextualising individual rankings.

### IRELAND'S RANKINGS, 2012-2025

Ireland remains one of the most competitive economies within the EU and has been placed in the Top 20 most competitive economies globally since 2012 (Figure 2). On average, Ireland has ranked 9<sup>th</sup> over the past decade and has not dropped outside the Top 15 countries since 2015.

Figure 2: Ireland's IMD competitiveness ranking, 2012-2025

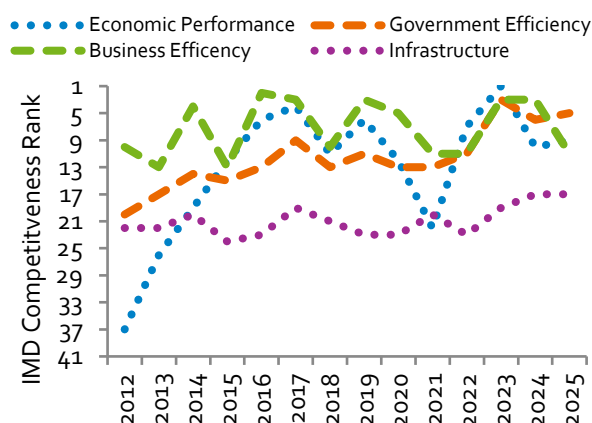


Source: IMD

This year's decline in Ireland's overall ranking reflects a mixed performance across the four pillars (Figure 3). Under Economic Performance and Government Efficiency, Ireland has improved by one place (up to 9<sup>th</sup> and 5<sup>th</sup>, respectively). The Infrastructure pillar maintained its 17<sup>th</sup> place overall, while Ireland's performance under Business Efficiency has declined significantly (down eight places since 2024).

It should be noted that even where Ireland has (dis-)improved under a given pillar, there is considerable volatility across and within the various sub themes. Furthermore, Ireland's ranking under a given pillar is not simply a function of our own performance in a given year, but also the relative performance of other countries. The following sections examine Ireland's performances in greater detail.

Figure 3: Ireland's ranking across four pillars, 2012-2025



Source: IMD

### PILLAR I: ECONOMIC PERFORMANCE (9<sup>th</sup>)

The five sub themes under Economic Performance are: Domestic Economy, Trade, Investment, Employment, and Prices. They are based on 46 sub-metrics. In terms of the overall pillar, Ireland has improved slightly (**up one place** from 10<sup>th</sup> position in 2024). Figure 4 explores what lies beneath this aggregate

Ireland has fallen by 14 places (to 33<sup>rd</sup>) in terms of the *Domestic Economy*, driven primarily by a fall of 39 places (to 67<sup>th</sup>) for Gross Fixed Capital Formation<sup>6</sup> which is captured in current prices as a percentage of GDP. For this reason, if expressed relative to GNI\*, our relative position would improve here, albeit that we cannot be definitive regarding the extent of any change in our ranking here.

The indicator above was partially offset by an improvement of 24 places for Real GDP Growth. The IMD records Real GDP Growth for 2024 of 1.2% (based on IMF estimates<sup>7</sup>). The figure reported by the CSO, however, was actually significantly higher (at 2.6% for Real GDP Growth and 4.8% for Real GNI\* Growth). As a consequence, using GNI\* here would improve our relative position (all else being equal).

Ireland improved its ranking under *International Trade* where we now rank 8<sup>th</sup> (up from 16<sup>th</sup> last year). The key changes here are a jump of 31 places for Growth of Commercial Services Exports (to 5<sup>th</sup>) and a fall of 26 places for Tourism Receipts (to 49<sup>th</sup>). In the case of Export Concentration, Ireland continues to rank amongst the worst performing economies (at 59<sup>th</sup> and 49<sup>th</sup> place for concentration by partner country and by product,

<sup>5</sup> For instance, this work demonstrated that Ireland's ranking under the *Economic Performance* pillar in 2024 would rise from 10<sup>th</sup> to 6<sup>th</sup> place when GNI\* (which better captures real economic growth) is used in place of GDP (which is the metric used in IMD calculations). On the same basis, Ireland's ranking under *Domestic Economy* improved from 19<sup>th</sup> to 3<sup>rd</sup>

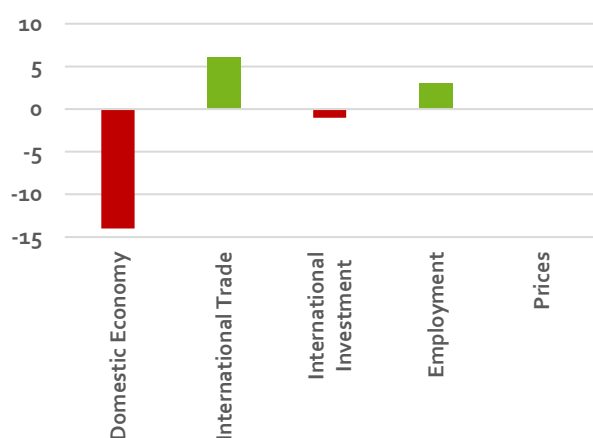
place: [Bulletin 25-2: Re-estimating Ireland's International Competitiveness Performance - Competitiveness](#)

<sup>6</sup> In terms of real growth.

<sup>7</sup> From IMF's World Economic Outlook April 2025 release.

respectively). In the current global economic climate, this ranking poses a serious risk to Irish economy.

Figure 4: Key sub-themes – **Economic Performance** pillar showing change between rankings in 2024 and 2025



Source: IMD, authors calculations

Ireland has fallen by one place under *International Investment* (to 7<sup>th</sup>) but this small change at sub-theme level masks some significant underlying volatility. For example, Ireland's ranking on the stock of Portfolio Investment Assets jumped to 1<sup>st</sup> in the world (from just 61<sup>st</sup> last year). This was offset, however, by sharp declines in the flow of Direct Investment<sup>8</sup>. Under Direct investment Flows Abroad<sup>9</sup>, Ireland's ranking fell by 39 places (to 67<sup>th</sup>) with a net outflow of \$6.6bn. Under Direct investment Flows Inward, Ireland dropped 13 places (to 66<sup>th</sup>) recording a net inward disinvestment of \$9.17bn.

According to the IMD, 'these figures highlight Ireland's growing reliance on portfolio investments while signalling difficulties in sustaining direct capital flows'. The underlying data used by the IMD, however, is sourced from UNCTAD and is based on flows for 2023. More recent CSO data shows that direct investment into Ireland increased by €17.2bn in the first quarter of 2025, while direct investment abroad increased by €13.4bn in the same quarter.<sup>10</sup>

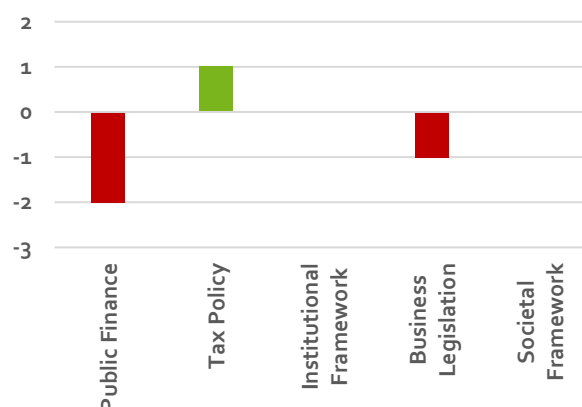
Finally, Ireland's ranking under *Employment* rose to 11<sup>th</sup> (up from 14<sup>th</sup>), while there was no change in the ranking under *Prices* where Ireland remains at 46<sup>th</sup>. The picture here, however, is quite mixed. Reflecting the slowdown in inflation, Ireland has recorded a significant improvement under Changes in the CPI<sup>11</sup>. Nonetheless, Ireland has fallen

even further in terms of the Cost of Living, Office Rental Costs and Petrol Costs. In each of the foregoing, Ireland ranks amongst the worst performing economies globally.

## PILLAR II: GOVERNMENT EFFICIENCY (5<sup>th</sup>)

The five sub-themes under this pillar are: Public Finances, Tax Policy, Institutional Framework, Business Legislation, and Societal Framework. This pillar measures the extent to which Government policies support competitiveness using 64 sub-metrics. In overall terms, Ireland continues to perform strongly under this pillar (**up one place** from 6<sup>th</sup>).

Figure 5: Key sub-themes – **Government Efficiency** pillar showing change between rankings in 2024 and 2025



Source: IMD, authors calculations

Figure 5 shows that Ireland recorded a fall of two places under *Public Finances* (to 8<sup>th</sup>), in large part due to a reduction in our ranking under General Government Expenditure (and the scale of the recent increase therein). In terms of *Tax Policy*, Ireland's position improved one place (to 20<sup>th</sup>). This theme captures a broad range of tax measures including total tax revenues, personal income tax, consumption tax rates, and social security tax rates.

Under *Business Legislation*, Ireland has fallen by one place (to 5<sup>th</sup>). This was driven by a deterioration in our score for both Government Subsidies and the Density of New Businesses. Finally, the strong framework conditions which prevail in Ireland are reflected in our continued high ranking under *Institutional Framework* (7<sup>th</sup>), and *Societal Framework* (6<sup>th</sup>).

<sup>8</sup> Looking at the stock of Direct Investments (abroad and inward), Ireland's position remained static (at 13<sup>th</sup> place and 8<sup>th</sup> place, respectively).

<sup>9</sup> Foreign Direct Investment (FDI) data can be presented on either a directional basis or an asset/liability basis. The former records FDI according to the direction of the investment relationship (where *inward*

FDI refers to investment by foreign parents into resident affiliates, and *outward* FDI refers to investment by resident parents into foreign affiliates).

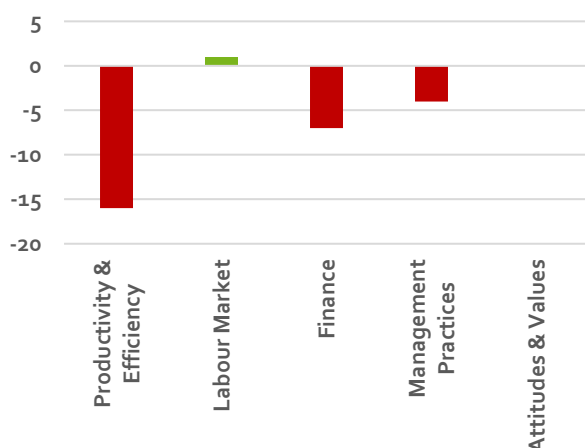
<sup>10</sup> See: [Foreign Direct Investment International Accounts Q1 2025 Final - Central Statistics Office](#).

<sup>11</sup> Consumer Price Index

### PILLAR III: BUSINESS EFFICIENCY (11th)

The five themes under this pillar are: Productivity and Efficiency, Labour Market, Finance, Management Practices, and Attitudes and Values. The ranking here reflects the performance of the business sector (using 65 sub-metrics). In overall terms, Ireland's ranking here has fallen out of the Top 10 (**down eight places** from 3<sup>rd</sup>), driving the overall reduction in the ranking between 2024 and 2025.

Figure 6: Key sub-themes – **Business Efficiency** pillar showing change between rankings in 2024 and 2025



Source: IMD, authors calculations

Figure 6 shows a significant drop in *Productivity and Efficiency* with Ireland falling by 16 places (to 22<sup>nd</sup>). This represents a particular risk but it is not necessarily out of sync with broader EU developments (with the recent Draghi report identifying the need to focus on competitiveness and innovation within the Single Market). Other themes under this pillar such as Finance (down by 7 places to 18<sup>th</sup> position) and Management Practices (down by 4 places to 7<sup>th</sup> position) also reflect a decline. Only under the *Labour Market* sub-theme did Ireland record an increase (by one position to 6<sup>th</sup>).

The Government of Ireland has recognised the risks posed by our declining productivity and, in particular, the need to address the productivity gap between the indigenous SME sector and the outward-looking MNC sector. At the time of writing, an *Action Plan on Competitiveness and Productivity* is being finalised and this will endeavour to address a series of productivity-enhancing themes, including investment in R,D&I; scaling opportunities for SMEs; regulatory reform; and regional development.

### PILLAR IV: INFRASTRUCTURE (17th)

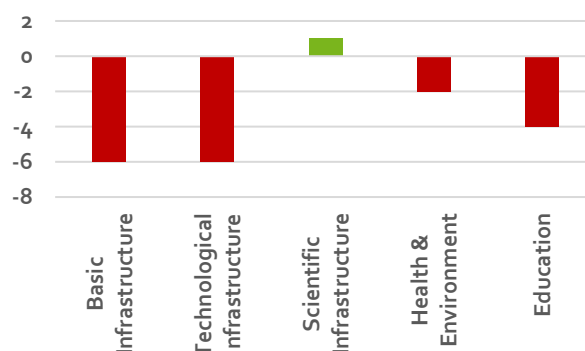
Ireland's infrastructure continues to be our most critical competitiveness deficit (17<sup>th</sup>), with a low ranking and **no change** since 2024. This pillar assesses the extent to which infrastructural resources meet the needs of the country under five sub-themes: Basic, Technological, Science, Health and Environment, and Education. The performance is based on 87 sub-metrics.

Figure 7 shows that Ireland's performance under *Basic Infrastructure* has continued to decline, falling from 38<sup>th</sup> in 2024 to 44<sup>th</sup> place in 2025 (out of 69 countries). At the time of writing, the need for enhanced investment in infrastructure is a key concern of public policy. The updated *National Development Plan* will cover public capital investment to 2035 with a particular focus on transformative and growth-enhancing projects<sup>12</sup>.

Ireland's *Technological Infrastructure* performance has also fallen, down 6 places to 13<sup>th</sup>. This reflects a deterioration under several sub-metrics, including the number of Qualified Engineers (down 11 places) and the Cost of Mobile Telephony (down two places). In the case of the latter, Ireland has now fallen to 57<sup>th</sup> place. Furthermore, Ireland's ranking under *Health and Environment* (11th) as well as *Education* (16th) have all declined since last year.

Figure 7 below indicates that Ireland's *Scientific Infrastructure* performance improved slightly with an increase of one place (to 19<sup>th</sup>). In part, this reflects an improvement under Business Expenditure on R&D (BERD) but this was partially offset by a fall in Ireland's R&D Personnel (down four places) and Patent Applications (down two places).

Figure 7: Key sub-themes – **Infrastructure** pillar showing change between rankings in 2024 and 2025



Source: IMD, authors calculations

<sup>12</sup> [Government publishes updated National Development Plan](#)

## ROLE OF SURVEY RESPONSES

Across all four Pillars, 92 sub-metrics are based on data from an Executive Business Survey, which provide useful real-time insights on Ireland's underlying economic performance. These responses are assigned a weighting of a third when calculating each country's score. In some cases, these metrics have shown a significant movement year-on-year. It is worth noting, however, that these business sentiment indicators typically move in the same direction as the earlier 'hard' data in any given year.

For example, in 2025 there was a notable deterioration across several survey-based sub-metrics under *Economic Performance*. For instance, Ireland fell by six places under Resilience of the Economy and by 15 places under Relocation of Business Threats. Under *Government Efficiency*, there were declines in business sentiment for Risk of Political Instability (down six places), Protectionism (down nine places), and access to Foreign Investment (down 12 places).

Under *Business Efficiency*, sentiment improved with regard to Brain Drain (up five places) and Apprenticeships (up three places). There was, however, a fall in terms of respondents' assessment of Entrepreneurship (down 11 places) and Attitudes towards Globalisation (down nine places). Under *Infrastructure*, Ireland recorded a significant fall in business sentiment with regard to Access to Water (down 13 places), Intellectual Property Rights (down 14 places), and Energy Infrastructure (down 16 places).

Finally, respondents to the Executive Opinion Survey were asked to select five factors – out of 15 available – that they perceived as the most attractive aspects of Ireland's economy<sup>13</sup>. In 2025, the Top 5 were: skilled workforce, high educational level, business friendly environment, policy stability and predictability, and competitive tax regime. On the other hand, Ireland scored lowest under factors such as access to financing, reliable infrastructure and cost competitiveness.

## CONCLUSION

Ireland's 7<sup>th</sup> place ranking in the IMD World Competitiveness Rankings for 2025 reflects the continuing strength of our competitiveness position globally. It is clear from Figure 1, however, that our ranking is trending downwards. More importantly, there is no reason to expect a significant, near-term improvement in

many of the factors that are currently weighing on our competitiveness (i.e., basic infrastructure, the cost of living, indigenous energy production, listed domestic companies, etc.).

Whilst our headline economic metrics (i.e., tax receipts, numbers at work, etc.) remain strong, there are other signs of a potential softening in the economy. The current downward trajectory in Ireland's international competitiveness is one such sign but this is not occurring in isolation. Rather, this is happening in tandem with an ongoing rise in the incidence of insolvencies<sup>14</sup> and a slowdown in the rate of FDI projects being won by Ireland.

Indeed, the Celtic Tiger-era may prove to be instructive in this regard, albeit we cannot know from this remove. Having attained a global ranking of 5<sup>th</sup> in 2000, a period of extended deterioration set in. By 2004, Ireland had fallen to 10<sup>th</sup> and by 2011, we were 24<sup>th</sup> (with a fall recorded in five out of these seven years).

The competitive strengths which Ireland has developed – including its skilled workforce, business-friendly environment and strong institutions offering stability – continue to serve us well. In the context of an exceptionally challenging global economic and political backdrop, Ireland will have to continue to harness these strengths to compete, while seeking to address identified areas of weakness. The upcoming *Action Plan of Competitiveness and Productivity* will seek to address the weakness while continuing to maintain our strengths.

**Further Reading:** The Institute for Management Development's World Competitiveness Yearbook 2025 is available at: [www.worldcompetitiveness.imd.org](http://www.worldcompetitiveness.imd.org).

The NCPC reports to An Taoiseach and the Government, through the Minister for Enterprise, Tourism and Employment, on the key competitiveness and productivity issues facing the Irish economy and makes recommendations to Government on how best to address these issues. The latest NCPC publications can be found at: [www.competitiveness.ie](http://www.competitiveness.ie).

This Bulletin has been issued by the Chair, Dr Frances Ruane, and was prepared by Erika Valiukaite, Dr. Dermot P. Coates and Dr. Keith FitzGerald of the NCPC Secretariat.

<sup>13</sup> [IMD World Competitiveness Online](https://www.imd.com)

<sup>14</sup> During 2024, 11,170 liquidations occurred. Specifically, the number of 'insolvent' liquidations increased to 1,917 (or three times higher than in

2023) whilst the number of 'solvent' liquidations was higher than in any of the previous 10 years (Ireland's Competitiveness Challenge, 2025).